



SACHI A. HAMAI  
Interim Chief Executive Officer

## County of Los Angeles CHIEF EXECUTIVE OFFICE

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December 15, 2014

To: Mayor Michael D. Antonovich  
Supervisor Hilda L. Solis  
Supervisor Mark Ridley-Thomas  
Supervisor Sheila Kuehl  
Supervisor Don Knabe

From: Sachi A. Hamai  
Interim Chief Executive Officer

Board of Supervisors  
HILDA L. SOLIS  
First District

MARK RIDLEY-THOMAS  
Second District

SHEILA KUEHL  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **REPORT BACK ON RFP PROCESS FOR THE HALL OF ADMINISTRATION CAFETERIA (ITEM NO. 11, AGENDA OF APRIL 15, 2014)**

On April 15, 2014, a Board-approved motion sponsored by Supervisors Mark Ridley-Thomas and Michael D. Antonovich, directed the Chief Executive Office (CEO) to work with the Department of Public Health (DPH) and the Internal Services Department (ISD), and report back in 30 days with a proposed approach and timeline to launch a new, fair, and competitive Request for Proposals (RFP) to operate the Kenneth Hahn Hall of Administration (KHHA) cafeteria.

On May 15, 2014, our office, in collaboration with DPH and ISD, submitted to the Board a proposed framework and timeline for competitive bidding of the KHHA cafeteria operations. This memorandum provides a status of our efforts to date on the RFP process for the KHHA cafeteria operations.

Our approach to drafting the RFP has been driven by the objective to achieve a gratifying dining experience that encompasses quality, healthy choices, wellness, and a lunch price point of \$7-\$9. We have ascertained that our food service objectives can be best accomplished by targeting quality regional and national vendors, while presenting them with an economically viable opportunity. We are striving to prepare an RFP that includes various provisions and incentives to make the cafeteria operation as economically viable as possible.

The current vendor operating the KHHA Cafeteria over the past six years has reported average monthly revenue of \$51,159. The reported monthly figures have been fairly constant throughout this period. We have been advised that the current vendor is facing financial challenges, and is seeking a new franchisee to buy its franchise contract.

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It is well documented that food vendors have experienced a considerable increase in labor, material, and food costs over the past six years. In addition, there has been an influx of eateries in the downtown area, and it becomes clear that economic viability is a critical issue. In order to address the economic viability concern, we are taking action and exploring ideas as follows:

- Negotiate an agreement with the Music Center to offer the new Cafeteria vendor an opportunity to provide food services within Grand Park during normal business hours, evenings, weekends, and special events.
- Include a gratis rent or rent credit provision in the RFP in exchange for the vendor completing equipment upgrades and performing some tenant improvements at the vendor's sole expense.
- Eliminate the financial benefit component from the scoring criteria of the RFP.
- Consolidate the 2nd and 3rd Floor snack bar operations (currently under contract with the State's Department of Rehabilitation for sight-impaired vendors) with the Cafeteria RFP.
- Hire a food service consultant to determine if the County should consider subsidizing the cafeteria operations, as a means of attracting a quality food vendor and maintaining an affordable price point for menu items.

Upon receipt of the consultant's analysis in February 2015, we will return to the Board with the recommended terms to include in the RFP and a request to finalize and release it. It is our goal to issue the RFP to prospective vendors in late Spring 2015.

If you have any questions, your staff may contact Christopher Montana at (213) 974-4200, or email at [cmontana@ceo.lacounty.gov](mailto:cmontana@ceo.lacounty.gov).

SAH:RLR  
CMM:KW:ls

c: Executive Office, Board of Supervisors  
County Counsel  
Internal Services  
Public Health